



State of Arizona

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Governor Jan Brewer Unveils Executive Budget for FY '14

Plan Reinforces Arizona's Competitiveness, Reaffirms Core Priorities

PHOENIX – Governor Jan Brewer today released her proposed fiscal 2014 Executive Budget. Her plan reflects disciplined, conservative principles to guide Arizona into its third-straight year with no budget deficit.

The Executive Budget is focused on improving Arizona's competitiveness while upholding the Governor's highest priorities: Education; Public Safety; and Health and Human Services for Arizonans in need. Among its key provisions, the budget plan:

Strengthens public safety:

- Adds 150 caseworkers to Child Protective Services and bolsters foster care, adoption services and emergency placement of neglected children.
- Expands State funding for the training of School Resource Officers in order to provide more safety for students in Arizona schools.

Modernizes and reforms our K-12 system:

- Creates the Nation's first comprehensive performance-funding plan for Arizona's district and charter schools.
- Provides funding to help implement the nationally-benchmarked Common Core state education standards.

Takes advantage of available federal funding under the Affordable Care Act:

- Boosts Arizona's competitiveness and allows the state to save or create thousands of jobs and protect the viability of safety-net and rural hospitals.

The complete Executive Budget can be viewed online at azgovernor.gov.

The following is Governor Brewer's budget message to members of the 51st Arizona Legislature:

The annual budgeting process grants us this valuable opportunity to reaffirm our priorities, strengthen our competitiveness and, ultimately, guide Arizona to a more prosperous and secure future. My budget plan for Fiscal Year 2014 includes a strong focus on our core functions: educating our citizens, protecting our children, caring for our most vulnerable and modernizing state business. Fulfilling these priorities will strengthen Arizona's position as a global competitor, and make Arizona a better place in which to work, live and raise our families.

This administration has worked tirelessly to instill discipline and conservative principles into the budgeting process, and these efforts have already begun to pay dividends. For instance, FY 2014 will be the third consecutive year with no budget deficit. The Proposition 100 temporary sales tax did its job, and it can

now expire without pushing the state back into a deficit. Additionally, the improving economy and budget reforms have reduced reliance on state programs, saving the state and Arizona taxpayers hundreds of millions of dollars and laying a sound footing for the future.

The budget plan I present today continues these conservative principles by addressing public safety, modernizing and reforming our K-12 system and improving Arizona's competitive standing in the global market. Budget issues of focus include:

- addressing the unprecedented growth in CPS caseloads;*
- implementing the nationally-acclaimed K-12 Common Core state education standards;*
- rewarding K-12 schools that are high-performing or demonstrate improvement; and*
- continuing to modernize state government.*

Government will continue to play a key role in providing access to health care for the most needy. For decades, states have been able to fulfill that responsibility through effective partnerships with the federal government: The states tailored Medicaid programs to their local populations and health care systems, and the federal government provided guidance and financing. Arizona used that flexibility and partnership to create the Arizona Health Care Cost Containment System (AHCCCS), widely hailed as the most effective and efficient Medicaid program in the nation.

Sadly, those collaborative partnerships, and the flexibility that made them work, were effectively destroyed with the passage of the Affordable Care Act. Now, in the place of those partnerships is an all-or-nothing funding system that makes it virtually impossible for Arizona to implement its own laws without an expansion of Medicaid coverage. The siren's song of Obamacare is its promise to pay for almost 100% of the expansion; however, in so doing, it creates a major wealth shift – from states that do not expand coverage to those that do.

I have been steadfast in my opposition to Obamacare, and I will remain true to my convictions. However, I will not put Arizonans at a competitive disadvantage, nor will I allow Arizona taxpayer money to fund Medicaid expansions in other states while needs here at home go unmet. We will keep that money right here and show the rest of the states how to efficiently run a Medicaid program.

Arizona should participate in the Medicaid expansion, but we must protect Arizona from a bait-and-switch scheme in which a future President or Congress reduces federal matching rates, shifting more of the cost to the states. We will not be lured into a long-term commitment that we cannot afford. Thus, any expansion law we enact must include an automatic repeal in the event that the federal payments fall below 80% of the total cost.

In addressing the State of Arizona's proper functions and responsibilities, the Executive Budget Recommendation for FY 2014 reflects certain realities, both bad and good. The bad: Continued growth of the federal government, and its encroachment on state rights and responsibilities, poses a serious threat to individual liberty and the federalism our founders envisioned. The good: Arizona's emergence from a devastating national and local recession has brought new discipline to fiscal policy, forcing us to recast the role of state government and revealing new practices to help Arizona perpetuate its legacy as a hub of opportunity.

As always, Arizona's continued recovery will be led by its citizens. Their innovative, entrepreneurial spirit has always guided our state, and I look forward to working with the Arizona Legislature on ways we can further empower the people of this state.

Sincerely,

*Janice K. Brewer
Governor*